

**PUBLIC DISCLOSURE**

February 17, 1999

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**WAKEFIELD CO-OPERATIVE BANK**

**342 MAIN STREET  
WAKEFIELD, MA**

**DIVISION OF BANKS  
100 CAMBRIDGE STREET  
BOSTON, MA 02202**

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **WAKEFIELD CO-OPERATIVE BANK** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

### **INSTITUTION'S CRA RATING: This institution is rated "Satisfactory."**

Based on the institution's efforts as described in detail throughout this Public Evaluation, Wakefield Co-operative Bank's performance is considered to be at a satisfactory level.

This rating is based on the five performance criteria evaluated within the performance context section of this Public Evaluation. Particular emphasis was placed on the bank's record of lending to low and moderate-income borrowers within its assessment area. Despite its small size and lack of low and moderate-income census tracts, Wakefield Co-operative Bank was ranked fifth in market share in 1997 for lending to borrowers of low and moderate-incomes. The market share report utilized was based on 213 banks and non-bank entities such as large national mortgage companies, and credit unions that originated HMDA-reportable loans within the assessment area.

The bank's average net loan to deposit ratio over the past two years was determined to be 54.7%. Based on the bank's capacity to lend and the lending capacity of other similarly situated institutions this ratio is considered to meet the standards of satisfactory performance.

Lending within the assessment area was found to meet the standards of satisfactory performance. In 1997 and 1998, Wakefield Co-operative Bank granted a total of 103 residential mortgage loans. Of that number 62 or 60.2% were granted within its assessment area of Lynnfield and Wakefield.

Fair Lending performance is also considered to meet the standards of satisfactory performance and there have been no CRA related complaints since the previous examination.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Wakefield Co-operative Bank is an \$86 million state-chartered savings institution, incorporated under the laws of the Commonwealth of Massachusetts. The bank was chartered in 1887 to serve the various savings and credit needs of individuals, businesses, and organizations in Wakefield and its surrounding communities. The bank is headquartered at 342 Main Street, Wakefield, Massachusetts. There is also a branch office located at 596 Main Street, Lynnfield, Massachusetts. Both offices have Automated Teller Machines (ATMs) that are linked to the NYCE, Cirrus, or Plus, networks. The bank hours at the main branch are Monday, Tuesday, Wednesday, and Thursday from 8:30am to 4:00pm, Friday from 8:30am to 7:00pm, and Saturday 8:30am to noon. The Lynnfield location is open Monday, Tuesday and Wednesday 9:00am to 4:00pm, and until 6:00pm on Thursday and Friday. Saturday hours are 9:00am to 1:00pm. The bank's business hours are considered reasonable and convenient to the local community.

Wakefield Co-operative Bank offers various types of lending products such as adjustable rate mortgage loans, fixed rate mortgage loans, passbook or share loans, home improvement loans, personal loans, automobile loans, home equity loans and student loans. As of December 31, 1998, the bank had \$40,773,000 or 47.2% of its assets in the form of loans. The bank's loan portfolio is comprised as follows:

<b>Loan Portfolio as of December 31, 1998</b>	
Type of Loans	% of Average Gross Loans
Construction & Land Development	2.9%
Residential Real Estate	
a. 1-4 Family Mortgages	58.5%
b. Home Equity Lines	1.9%
Multifamily	3.2%
Commercial Loans	
a. Commercial Real Estate	6.3%
b. Commercial & Industrial Loans	0.17%
c. Agricultural Loans	0.0%
Consumer Loans	
a. Credit Cards & Related Plans	0.0%
b. Loans to Individuals	26.7%
Other Loans	
a. Loans to Financial Institutions	0.0%
b. Municipal Loans	0.0%
c. Farmland Real Estate Loans	0.0%
d. Other	0.34%
<b>Total</b>	<b>100.0%</b>

Source: Uniform Bank Performance Report, 12/31/98

Wakefield Co-operative Bank also offers low cost checking and savings products to its customers and potential customers. Its Basic Checking does not require a minimum balance or charge a monthly fee. There is a \$5.00 charge, however, if more than ten checks are processed a month. The Low Minimum Balance Checking account does not assess a monthly fee if a combined balance of \$500.00 is maintained with a Statement Savings account. The low cost savings products consist of the Regular Savings Account and a Statement Savings Account. The accounts feature no minimum balances and no monthly fees or charges.

In addition, Wakefield Co-operative Bank is a participant in the public assistance check Direct Deposit program. The bank also offers check-cashing service for the Metro North Site Office of the Department of Mental Health and for the Lynnfield House Assisted Living, which is also part of the Department of Mental Health.

Bank by mail service is provided to all of Wakefield Co-operative Bank's deposit account customers.

The Federal Deposit Insurance Corporation (FDIC) conducted the last examination for compliance with the Community Reinvestment Act on May 12, 1997. That examination resulted in a CRA rating of Satisfactory.

Other than the bank's small size and limited staff, there are no factors that would inhibit its ability to meet the assessment area's credit needs.

### **Description of Assessment Area**

The Community Reinvestment Act requires a financial institution to identify an assessment area in which it intends to focus its lending efforts. Wakefield Co-operative Bank's assessment area consists of the towns of Wakefield and Lynnfield. These municipalities are located in Middlesex and Essex County and are within the Boston Metropolitan Statistical Area (MSA). The Boston MSA has an estimated median family income of \$60,000 for 1998, which is adjusted for inflation by the Department of Housing and Urban Development (HUD)

The assessment area is comprised of six census tracts. Census tracts are defined as either low, moderate, middle or upper-income based their proportion to median Family Household Income (FHI). The census tracts include three middle-income tracts and three upper-income tracts. There are no low-income or moderate-income census tracts within the bank's assessment area. Refer to the following table:

<b>ASSESSMENT AREA DEMOGRAPHICS</b>				
<b>CENSUS TRACT INCOME LEVEL</b>	<b>NUMBER OF CENSUS TRACTS WITHIN ASSESSMENT AREA</b>	<b>CENSUS TRACT PERCENTAGE</b>	<b>FAMILY HOUSEHOLDS</b>	<b>HOUSEHOLD PERCENTAGE</b>
MIDDLE	3	50.0	5,050	50.9
UPPER	3	50.0	4,880	49.1
<b>TOTAL</b>	<b>6</b>	<b>100.0</b>	<b>9,930</b>	<b>100.0</b>

Source: 1990 Census Data

Housing stock within the assessment area is primarily one-to-four family residential units (88.45%), of which a substantial majority is owner-occupied (75.81%). Based on the data derived from the 1990 Census, the population of the assessment area totaled 36,099 individuals who reside in 13,553 units. The median home value of the assessment area is \$211,984. The table below details the number of occupied units within each town.

ASSESSMENT AREA HOUSING DATA*						
LOCATION	TOTAL OCCUPIED HOUSING UNITS	OWNER-OCCUPIED UNITS		RENTAL UNITS		MEDIAN HOUSING VALUE
	#	#	%	#	%	\$
Lynnfield	3,916	3,653	93.3	263	6.7	\$176,200
Wakefield	9,296	6,621	71.2	2,675	28.8	\$192,800
<b>TOTAL</b>	<b>13,212</b>					

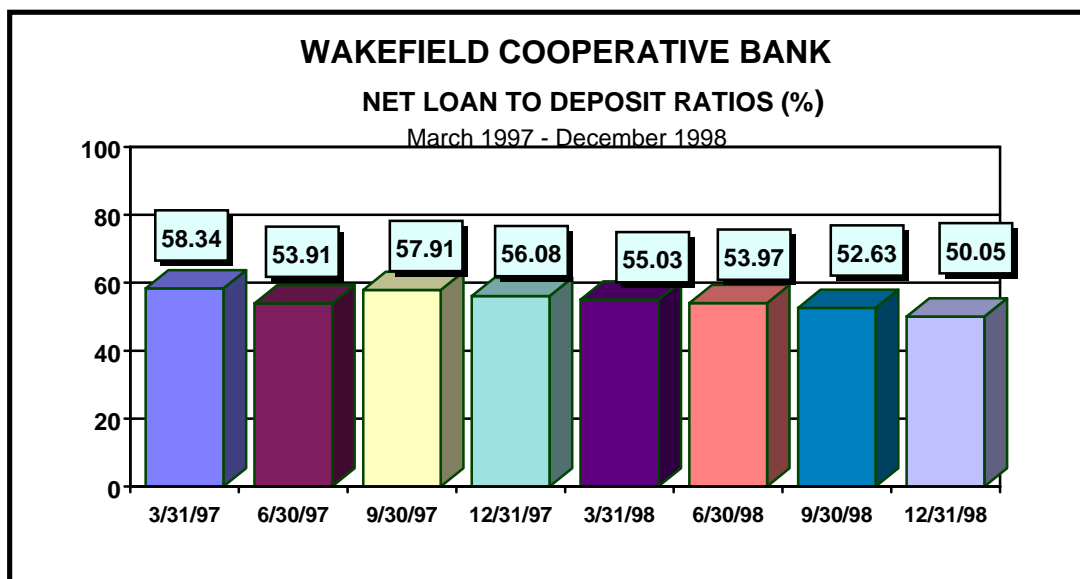
\* 1990 Census Data area. PCI Services, Inc.,

Wakefield Co-operative Bank faces a substantial amount of competition within its assessment from a number of lending institutions, including banks and mortgage companies. According to CRA Wiz Software, aggregate lenders consist of 213 (both large and small) mortgage companies, savings bank's, commercial bank's, co-operative banks, and credit unions, which have originated and/or purchased residential mortgage and/or home improvement loans within the bank's assessment

## **PERFORMANCE CRITERIA**

### **1. LOAN TO DEPOSIT ANALYSIS**

Wakefield Co-operative Bank's average net loan to deposit ratio was calculated by using the data reported in the previous eight quarterly FDIC Call Reports. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits. The bank's average net loan-to-deposit ratio for the period of March 31, 1997 through December 31, 1998 is 54.74%. At the previous examination on May 12, 1997, the average net loan to deposit ratio was calculated to be 56.85%. The following graph depicts the net loan to deposit ratio for each quarter under review.



As indicated in the above table, the bank's net loan to deposit ratio stands at 50.05% as of December 31, 1998, and appears to be on a declining trend. The asset size of the institution has increased from \$74 million as of March 31, 1997 to \$86 million as of December 31, 1998. Deposit growth has significantly outpaced loan growth over this period of time, resulting in a decline of the loan to deposit and loan to asset ratios. As evidenced above, net loans decreased approximately 0.42% from March 31, 1997 to December 31, 1998 while deposit growth has increased approximately 16.07% during the same time period.

Management stated that the decline in the net loan to deposit ratio could partly be attributed to four large loan pay-offs that occurred in the third and four quarters of 1998 coupled with attractive interest rates that the bank offered on its certificate of deposit accounts.

Another factor affecting the loan to deposit ratio is the bank's sale of its student loans. Wakefield Co-operative Bank participates in the American Students Assistance (ASA) Federal Family Education Loan Program. In 1997 and 1998, the bank originated and sold 3,226 and 4,130 student loans totaling \$6,810,680 and \$8,512,042, respectively. This enables the bank to recycle funds and extend additional credit.

A comparison of the net loan-to-deposit ratio of four other institutions in the area was also conducted. The ratios ranged from 72.06% to 44.22% for December 31, 1998. Wakefield Co-operative Bank's net loan-to-deposit ratio for the same time period was somewhat low at 50.05%. The following table provides the net loan-to-deposit ratio for the other banks within the institution's assessment area, as well as Wakefield Co-operative Bank. The ratios shown are calculated from the FDIC's Call Report data for December of 1998. The institutions are listed with the net loan-to-deposit ratios in descending order.

<b>INSTITUTION</b>	<b>NET LOAN TO DEPOSIT RATIO 12/31/98</b>
Reading Co-operative Bank	72.06
Melrose Co-operative Bank	65.92
Saugus Co-operative Bank	61.57
<b>Wakefield Co-operative Bank</b>	<b>50.05</b>
The Savings Bank	44.22

Given the above factors, including the bank's size, its participation in secondary market sales, and the degree of competition, its loan to deposit ratio appears to meet the standard for satisfactory performance at this time.

## 2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

A review of Wakefield Co-operative Bank's Loan Application Registers (LARs) for 1997 and 1998 was conducted during the examination. This information indicated the bank originated 103 HMDA reportable loans during this period. HMDA reportable loans consist of home purchase and home improvement loans, including refinances on one-to-four family and multifamily (five or more) properties.

A total of 62, or 60.2% of all HMDA reportable loans were originated within the two towns that comprise the bank's assessment area. Of the total loans originated within the assessment area, 64.5% were refinances of home purchases, 17.8% were for home purchases, 16.1% were for home improvement, and 1.6% were on multifamily dwellings. Refer to the following table for additional information:

RESIDENTIAL LOANS ORIGINATED BY NUMBER						
LOCATION	1997		1998		TOTALS	
	#	%	#	%	#	%
Lynnfield	2	6.3	14	20.3	16	15.5
Wakefield	16	50.0	30	43.5	46	44.7
<b>INSIDE ASSESSMENT AREA</b>	<b>18</b>	<b>52.9</b>	<b>44</b>	<b>63.8</b>	<b>62</b>	<b>60.2</b>
<b>OUTSIDE ASSESSMENT AREA</b>	<b>16</b>	<b>47.1</b>	<b>25</b>	<b>36.2</b>	<b>41</b>	<b>39.8</b>
<b>TOTALS</b>	<b>34</b>	<b>100.0</b>	<b>69</b>	<b>100.0</b>	<b>103</b>	<b>100.0</b>

Source: 1997 & 1998 HMDA/LAR Data

An additional review of the total dollar amount of HMDA reportable originations for the same period was also conducted. The bank originated a total of \$11,992,000 in HMDA reportable loans during this period. Of these loans, \$6,527,000 or 54.5%, were originated within the bank's assessment area. Refer to the following table for detail:

RESIDENTIAL LOANS ORIGINATED BY DOLLAR (000's)						
LOCATION	1997		1998		TOTALS	
	\$	%	\$	%	\$	%
Lynnfield	155	4.2	1,266	15.3	1,421	11.9
Wakefield	1,550	41.5	3,556	43.1	5,106	42.6
<b>INSIDE ASSESSMENT AREA</b>	<b>1,705</b>	<b>45.7</b>	<b>4,822</b>	<b>58.4</b>	<b>6,527</b>	<b>54.5</b>
<b>OUTSIDE ASSESSMENT AREA</b>	<b>2,030</b>	<b>54.3</b>	<b>3,435</b>	<b>41.6</b>	<b>5,465</b>	<b>45.5</b>
<b>TOTALS</b>	<b>3,735</b>	<b>100.0</b>	<b>8,254</b>	<b>100.0</b>	<b>11,992</b>	<b>100.0</b>

Source: 1997 & 1998 HMDA/LAR Data

As evidenced in the above tables, a majority of the bank's HMDA reportable loans by number and dollar amount were extended within its assessment area. In addition, the bank's residential lending has increased substantially in 1998 compared to lending in 1997. HMDA reportable loans increased 102.9% by number and 121.0% by dollar



amount. This can be attributed to the low mortgage rates created from a steady economy and the willingness of borrowers to refinance their original mortgages.

Based upon all of the above information, Wakefield Co-operative Bank's level of lending within its assessment area meets the standards for satisfactory performance.

### 3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

An analysis of HMDA reportable loan originations extended within the institution's assessment area among various borrower income levels was conducted. Originations were categorized by the ratio of the applicant's reported income to the 1997 and 1998 median family incomes of the Boston Metropolitan Statistical Area (MSA), which are \$59,600 and \$60,000, respectively. These income figures are based on estimated 1997 and 1998 data from the Department of Housing and Urban Development (HUD).

Low income is defined by the US Census Bureau as income below 50% of the median family income level for the MSA; moderate income is defined as 50 to 79% of the median family income; middle income is defined as income between 80 and 119% of the median family income; and upper income is defined as income greater than 120% of the median family income.

Refer to the following table for information on the bank's distribution of credit among different income levels.

LOANS ORIGINATED BY INCOME OF BORROWER (Number)						
% OF MEDIAN MSA INCOME	1997		1998		TOTALS	
	#	%	#	%	#	%
<50%	3	16.7	1	2.3	4	6.4
50%-79%	3	16.7	10	22.7	13	21.0
80%-119%	7	38.9	21	47.7	28	45.2
>120%	5	27.7	11	25.0	16	25.8
NA	0	0.0	1	2.3	1	1.6
<b>TOTALS</b>	<b>18</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	<b>62</b>	<b>100.0</b>

Source: 1997 & 1998 HMDA/LAR Data

As the above table indicates, 27.4% of HMDA reportable loans within the bank's assessment area were made to low and moderate-income borrowers. Loan originations to middle-income borrowers account for 45.2% of the total originations within the assessment area, and upper-income borrowers account for 25.8%.

LOANS ORIGINATED BY INCOME OF BORROWER (Dollar Amount)						
% OF MEDIAN MSA INCOME	1997		1998*		TOTALS	
	\$(000)	%	\$(000)	%	\$(000)	%
<50%	198	11.6	60	1.3	258	4.0
50%-79%	108	6.3	821	17.0	929	14.2
80%-119%	877	51.5	2,161	44.8	3,038	46.6
>120%	522	30.6	1,654	34.3	2,176	33.3
NA	0	0.0	126	2.6	126	1.9
<b>TOTALS</b>	<b>1,705</b>	<b>100.0</b>	<b>4,822</b>	<b>100.0</b>	<b>6,527</b>	<b>100.0</b>

Source: 1997 & 1998 HMDA/LAR Data

The following table shows the number and dollar volume of loans originated by the bank in 1997 to low, moderate, middle and upper-income borrowers in comparison to the activity of the 213 HMDA - reporting lenders in the assessment area:

<b>BANK 1997 HMDA REPORTABLE ORIGINATED LOANS COMPARED TO AGGREGATE DATA</b>								
<b>Borrower Income Level</b>	<b>Bank</b>		<b>All Other Reporters</b>		<b>Bank</b>		<b>All Other Reporters</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>
<50%	3	16.7	31	2.2	198	11.6	2,649	1.2
50%-79%	3	16.7	151	10.6	108	6.3	16,356	7.4
80%-119%	7	38.9	366	25.6	877	51.5	50,044	22.8
>120%	5	27.7	660	46.3	522	30.6	116,715	53.0
NA	0	0.0	219	15.3	0	0.0	34,343	15.6
<b>Total</b>	<b>18</b>	<b>100.0</b>	<b>1,427</b>	<b>100.0</b>	<b>1,705</b>	<b>100.0</b>	<b>220,107</b>	<b>100.0</b>

Source: HMDA Data compiled by PCI Services, Inc. CRA Wiz

As shown in the above table, the percentage of the bank's lending to low and moderate-income borrowers is well above all other lenders within the assessment area. The bank granted 16.7% of its total residential mortgage originations to low-income borrowers, compared to 2.2% for all other lenders. Loan originations to moderate-income borrowers also amounted to 16.7% of the bank's total mortgage loans, which is above the aggregate lending number of 10.6%. While the bank's performance in lending to low to moderate-income borrowers appears impressive in comparison to the aggregate, the small volume of loans has affected its performance in this category, somewhat skewing the actual distribution. An increase or decrease of only one loan would make a measurable percentage difference. However, in 1998, the increase in lending to low and moderate-income applicants continued to remain strong. Wakefield Co-operative Bank granted 11 loans, or 25.0% of the bank's total mortgage loan originations in 1998, to low and moderate-income applicants. This distribution of lending demonstrates the bank's willingness to lend to borrowers of all income levels, including those of low and moderate-income.

A review of 1997 aggregate data ranked the bank fifth in market share for low and moderate-income originations or purchased loans within the assessment area, with a 3.19% market share. It is important to note that the bank's ranking of fifth in market share to low and moderate-income borrowers is in stark contrast to its overall market share and ranking of nineteenth. Given this level of activity the bank exceeds the standards for satisfactory performance in this category.

#### **4. GEOGRAPHIC DISTRIBUTION OF LOANS**

An analysis of HMDA reportable loans extended within the various census tracts contained in the bank's assessment area was conducted during the examination. The bank's assessment area is comprised of six census tracts. Of these census tracts, three are designated as middle-income and three as upper-income. The bank's assessment area does not contain any low or moderate-income census tracts.

Based upon the geographic location of the bank's branches, the distribution of loan origination in the middle and upper-income census tracts appears to be reasonable. The following table shows the geographic distribution of loan originations for the period covered.

<b>RESIDENTIAL LOAN DATA BY CENSUS TRACT CLASSIFICATION<sup>1</sup></b>										
<b>Census Tract Income Category</b>	<b>*Owner-Occupied Properties</b>		<b>1997</b>				<b>1998</b>			
			<b>Number of Loans</b>		<b>Dollar Amount</b>		<b>Number of Loans</b>		<b>Dollar Amount</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>
Middle	5,011	48.8	14	77.8	1,229	72.1	23	52.3	2,703	56.1
Upper	5,263	51.2	4	22.2	476	27.9	21	47.7	2,119	43.9
<b>Total</b>	<b>10,274</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>	<b>1,705</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	<b>4,822</b>	<b>100.0</b>

Source: <sup>1</sup>HMDA/LAR Data

\*1990 Census Data

A comparative analysis of Wakefield Co-operative Bank's lending performance with that of all other HMDA reporters within the assessment area was also conducted. HMDA data for calendar year 1997 was used to compare the geographic distribution of the bank's loans with those of other bank and non-bank entities such as large national mortgage companies, and credit unions that originated HMDA-reportable loans within middle and upper-income geographies. The results of this analysis is presented in the following table:

<b>AGGREGATE RESIDENTIAL LOAN DATA BY CENSUS TRACT CLASSIFICATION<sup>1</sup></b>										
<b>Census Tract Income Category</b>	<b>Owner-Occupied Properties</b>		<b>1997</b>				<b>1997 AGGREGATE</b>			
			<b>Number of Loans</b>		<b>Dollar Amount</b>		<b>Number of Loans</b>		<b>Dollar Amount</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>
Middle	5,011	48.8	14	77.8	1,229	72.1	679	47.6	91,304	41.5
Upper	5,263	51.2	4	22.2	476	27.9	748	52.4	128,803	58.5
<b>Total</b>	<b>10,274</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>	<b>1,705</b>	<b>100.0</b>	<b>1,427</b>	<b>100.0</b>	<b>220,107</b>	<b>100.0</b>

Source: <sup>1</sup>HMDA/LAR Data

\*1990 Census Data

Based on the analysis of the geographic distribution of loans, the bank meets the standards of satisfactory performance in generating originations from all segments of its assessment area.

## 5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

Based upon the review of the bank's public comment file and its performance relative to fair lending policies and practices the institution meets the standards for satisfactory performance.

## **REVIEW OF COMPLAINTS**

Wakefield Co-operative Bank maintains a policy, which addresses the procedures to occur when receiving oral or written consumer complaints. All complaints are to be documented on a Complaint Monitoring Form by the appropriate officer and maintained by the President's Administrative Assistant. A written response to a complaint is required in a timely manner unless the complaint is oral and resolved successfully at the time it is received. Complaints alleging violations of laws and regulations or discrimination must be reported to the full Board of Directors at the next meeting.

## **FAIR LENDING POLICIES AND PRACTICES**

Wakefield Co-operative Bank maintains a formal Fair Lending policy, which is incorporated in its compliance policy. The Board of Directors review and approve all policies annually. The Fair Lending policy was last reviewed and approved at the August 27, 1998 meeting. Detailed below is the institution's performance as it correlates to the guidelines established in Regulatory Bulletin 2.3-101, the Division's Fair Lending Policy.

## **STAFF TRAINING**

Wakefield Co-operative Bank has a formal on-going training program for all employees. The bank performs staff training that addresses potential discriminatory policies and practices. The bank also houses a video library containing several videos pertaining to Community Reinvestment Act Compliance and Fair Lending. Titles include "Closing the Gap/A Guide to Equal Opportunity Lending", "Regulatory Compliance Service/Regulation B Video", and "Regulatory Compliance Service/Community Reinvestment Act/Regulation BB." The following are examples of specific training efforts conducted by the bank:

In February of 1998, a training session regarding the Lending Regulations was held for all employees.

In November of 1997, a training session regarding the Community Reinvestment Act was held for all employees.

In February of 1997, a training session regarding Regulation B: Illegal Discrimination and Other Issues was held for all employees.

## **STAFF COMPOSITION AND COMPENSATION**

As of December 31, 1998 Wakefield Co-operative Bank employed 37 people. The composition is 7 males and 30 females, 23 full-time and 14 part-time. There are 3 minority employees who are bilingual in English/Chinese and English/German.

## **OUTREACH**

Three of the bank's officers are members of the Wakefield Chamber of Commerce, Wakefield Rotary, and Lynnfield Rotary. Wakefield Co-operative Bank sponsors a monthly newsletter from the Wakefield Chamber of Commerce that provides information about a variety of subjects including business outlook, community news, and state sponsored programs.

## **CREDIT PRODUCTS AND UNDERWRITING STANDARDS**

Wakefield Co-operative Bank has been offering an internal First Time Homebuyer Program since 1994. Under this program borrowers receive a concession on the interest rate and reduced closing costs. Both fixed rate and adjustable rate mortgages are eligible for this program. In 1997 and 1998, the bank granted 6 loans totaling \$726,000 and 10 loans totaling \$1,349,600, respectively.

The bank is a participant in the Homeowners Septic Repair Loan Program sponsored by the Department of Environmental Protection (DEP) and the Massachusetts Housing Finance Agency (MHFA). The bank granted 1 loan for \$14,900 in 1997 and 4 loans totaling \$50,200 in 1998 under this program.

The bank continues to be affiliated with the secondary mortgage market thus enabling it to offer competitive rates and products.

Private mortgage insurance is required on all loans with loan to value ratios in excess of 80%. Underwriting ratios are used as guidelines, but traditional ratios may be expanded if the borrowers have demonstrated the ability and willingness to support the debt. Utility bill payments may be used as a means to establish a credit history. Compensating factors are also recognized in underwriting a loan.

## **MARKETING**

Wakefield Co-operative Bank does not advertise in any foreign language newspapers within its assessment area; however, its marketing program appears to adequately inform the local community of the various services it offers. The bank routinely advertises in the local newspapers in Wakefield and Lynnfield to promote its products, seminars, donations, staff and location.

## **CREDIT EDUCATION**

In 1998, Wakefield Co-operative Bank sponsored a seminar entitled "Financial Aid Awareness via the Internet." A representative of Sallie Mae presented this seminar. Approximately 30 parents of junior and senior college-bound high school students attended this first-of-its-kind seminar. The bank also participated in 3 Financial Aid nights sponsored by Wakefield High School, Lynnfield High School and Austin Prep High School, respectively.

## **COUNSELING**

Wakefield Co-operative Bank encourages borrowers experiencing credit difficulties to meet with the Vice President of Lending. At this time, any problems will be outlined and the appropriate solution will be discussed.

The bank limits its counseling efforts to its own debt and encourages borrowers to seek independent counseling for their overall credit.

## **SECOND REVIEW PRACTICES**

The bank has a second review program in place for denied mortgage applicants. The second review committee consists of three officers of the bank. There is also an ombudsperson, voted by the Board of Directors, to handle inquiries from denied mortgage loan applicants. This person is independent from the lending function.

## **INTERNAL CONTROL PROCEDURES**

Wakefield Co-operative Bank has periodically worked with an outside consulting group to provide a demographic analysis of its delineated market. In addition, the bank has hired other consultants to assist in the analysis of the annual HMDA data and to compare its lending activity with that of all other lenders in the assessment area. The report consists of an array of colored maps and statistical reports that provide an extensive overview of the lending patterns and demographic dynamics of the bank's assessment area. Wakefield Co-operative Bank measures the delivery of its products to its delineated market by race, gender, and income of individuals and neighborhoods and reviews it annually.

Management reviews the accuracy of the HMDA/LAR data prior to the annual submission of the data. The fair lending policy is administered when reviewing denied loans and withdrawn applications.

## **MINORITY APPLICATION FLOW**

Residential mortgage and home improvement applications received from minority applicants from within the assessment area during 1997 and 1998 were reviewed. During this period, the bank received a total of 2 applications, or 3.0% of its total applications, from minorities. Refer to the following table for additional information.

RESIDENTIAL APPLICATION FLOW						
RACE	1997		1998*		TOTAL	
	#	%	#	%	#	%
American Indian	0	0.0	0	0.0	0	0.0
Asian	0	0.0	0	0.0	0	0.0
Black	0	0.0	0	0.0	0	0.0
Hispanic	1	4.8	0	0.0	1	1.5
Other	0	0.0	1	2.1	1	1.5
<b>TOTAL MINORITY</b>	1	4.8	1	2.1	2	3.0
White	20	95.2	46	97.9	66	97.0
NA	0	0.0	0	0.0	0	0.0%
<b>TOTAL</b>	21	100.0	47	100.0	68	100.0

Source: 1997 & 1998 HMDA\LAR Data

A comparison of the bank's 1997 minority application flow with the minority application flow of other HMDA reportable lenders in the area for the same year was conducted. According to information obtained from PCI Services, Inc. CRA WIZ, Wakefield Co-operative Bank received 4.8% of its total applications in 1997 from minority applicants, compared to 2.9% from all other HMDA reportable institutions from within the assessment area. Although the following table indicates a very favorable percentage of minority applicants compared to the aggregate, the analysis is not considered statistically significant due to the low number of applicants in 1997. Refer to the following table:

MINORITY APPLICATION FLOW COMPARATIVE ANALYSIS				
RACE	1997		1997 Aggregate Data*	
	#	%	#	%
American Indian	0	0.0	5	0.3
Asian	0	0.0	14	0.8
Black	0	0.0	6	0.3
Hispanic	1	4.8	16	0.9
Other	0	0.0	12	0.7
<b>TOTAL MINORITY</b>	1	4.8	53	2.9
White	20	95.2	1,418	77.7
No Information	0	0.0	354	19.4
<b>TOTAL</b>	21	100.0	1,825	100.0

\* ©PCI Services, Inc. CRA WIZ 1997 HMDA Data

# THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

## WAKEFIELD CO-OPERATIVE BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **FEBRUARY 17, 1999**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
_____	_____
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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_



# PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.